United Tennessee Bankshares, Inc.

P O Box 249
Newport, Tennessee 37822-0249
Phone: (423)623-6088 **Fax (423)623-6020**

April 1, 2016

To the Shareholders of

United Tennessee Bankshares, Inc.,

You are cordially invited to attend the annual meeting of shareholders of United Tennessee Bankshares, Inc. The annual meeting will be held at the Main Office of Newport Federal Bank, our wholly-owned subsidiary, located at 170 W. Broadway, Newport, Tennessee, on Tuesday, May 17, 2016 at 5:00 p.m., Eastern Time.

The accompanying notice and proxy statement describe the formal business to be transacted at the meeting. During the meeting, we will also report on our operations for the fiscal year ended December 31, 2015. Our directors and officers will be present to respond to any questions the shareholders may have.

ON BEHALF OF THE BOARD OF DIRECTORS, WE URGE YOU TO SIGN, DATE AND RETURN THE ACCOMPANYING FORM OF PROXY AS SOON AS POSSIBLE EVEN IF YOU CURRENTLY PLAN TO ATTEND THE ANNUAL MEETING. Your vote is important, regardless of the number of shares you own. This will not prevent you from voting in person; but will assure that your vote is counted if you are unable to attend the meeting.

Sincerely yours,



Chris Triplett
President and Chief Executive Officer

United Tennessee Bankshares, Inc.

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Newport, Tennessee 37822-0249
Phone: (423)623-6088 **Fax (423)623-6020**

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held Tuesday, May 17, 2016

The regular annual meeting of shareholders of United Tennessee Bankshares, Inc. ("Company") will be held at the Main Office of Newport Federal Bank, our wholly-owned subsidiary (the "Bank"), located at 170 W. Broadway, Newport, Tennessee on Tuesday, May 17, 2016, at 5:00 p.m., Eastern Time, for the following purposes:

1. ***Election of Directors***. To elect two directors to serve until the 2019 annual meeting of shareholders or until their successors have been duly elected and qualified.

2. ***Other Business***. To transact such other business as may properly come before the meeting or any adjournment of the meeting.

Any action may be taken on any one of the foregoing proposals at the annual meeting on the date specified above or on any date or dates to which, by original or later adjournment, the annual meeting may be adjourned. Shareholders of record at the close of business on April 1, 2016 are the shareholders entitled to vote at the annual meeting and any adjournments thereof.

You are requested to fill in and sign the accompanying form of proxy, which is solicited by the Board of Directors, and to mail it promptly in the accompanying envelope. The proxy will not be used if you attend and vote at the annual meeting in person.

By Order of the Board of Directors

Shannon Lane

Shannon Lane
Secretary

April 1, 2016

IMPORTANT: THE PROMPT RETURN OF PROXIES WILL SAVE THE COMPANY THE EXPENSE OF FURTHER REQUESTS FOR PROXIES IN ORDER TO ENSURE A QUORUM. THE ACCOMPANYING FORM OF PROXY IS ACCOMPANIED BY A SELF-ADDRESSED ENVELOPE FOR YOUR CONVENIENCE. NO POSTAGE IS REQUIRED IF MAILED IN THE UNITED STATES.

PROXY STATEMENT
OF

United Tennessee Bankshares, Inc.

P. O. Box 249
Newport, Tennessee 37822-0249

Annual Meeting of Shareholders

May 17, 2016

GENERAL

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of United Tennessee Bankshares, Inc. (the "Company") to be used at its annual meeting of shareholders. The annual meeting will be held at the Main Office of Newport Federal Bank (the "Bank"), 170 W. Broadway, Newport, Tennessee, on Tuesday, May 17, 2016 at 5:00 p.m. This proxy statement and the accompanying notice and proxy card are being first provided to shareholders on or about April 1, 2016.

VOTING AND REVOCABILITY OF PROXIES

Shareholders who execute proxies retain the right to revoke them at any time. Unless so revoked, the shares represented by such proxies will be voted at the Annual Meeting and all adjournments thereof. Proxies may be revoked by written notice to Shannon Lane, Corporate Secretary, at the address shown above, by filing a later dated proxy prior to a vote being taken on a particular proposal at the Annual Meeting or by attending the annual meeting and voting in person.

Proxies solicited by the Company's Board of Directors will be voted in accordance with the directions given therein. **Where no instructions are indicated, proxies will be voted for each of the nominees for director set forth below.** The proxy confers discretionary authority on the persons named therein to vote with respect to the election of any person as a director where the nominee is unable to serve or for good cause will not serve, and matters incident to the conduct of the annual meeting. If any other business is presented at the annual meeting, proxies will be voted by those named therein in accordance with the determination of a majority of the Board of Directors. Proxies marked as abstentions, and shares held in street name, which have been designated by brokers on proxies as not voted, will not be counted as votes cast. Proxies marked as abstentions or as broker non-votes will, however, be treated as shares present for purposes of determining whether a quorum is present.

VOTING SECURITIES AND BENEFICIAL OWNERSHIP

Shareholders of record as of the close of business on April 1, 2016 (the "Record Date") are entitled to one vote for each share then held. At the Record Date, the Company had 840,109 shares of no par value common stock issued and 840,009 shares outstanding. The presence, in person or by proxy, of at least a majority of the total number of shares of the common stock outstanding and entitled to vote will be necessary to constitute a quorum at the annual meeting.

PROPOSAL I — ELECTION OF DIRECTORS

General

The Company's Board of Directors currently consists of eight members. The Company's Charter requires that directors be divided into three classes, as nearly equal in number as possible, with approximately one-third of the directors elected each year. The Board has nominated director Robert L. Overholt and Ben W. Hooper III for reelection to serve as directors for three-year terms. Under Tennessee law, directors are elected by a plurality of all votes cast at a meeting at which a quorum is present. If any of the nominees are unable to serve, the shares represented by all valid proxies will be voted for the election of such substitute as the Board may recommend or the size of the Board may be reduced to eliminate the vacancy. At this time, the Board knows of no reason why the nominees might be unavailable to serve.

The following table sets forth the names of the nominees for election as directors and the directors whose terms expire in future years. Also set forth is certain other information with respect to each person's age, the year he first became a director of the Company and the expiration of his term as a director.

Name	Age	Year First Elected as Director	Current Term to Expire
BOARD NOMINEE FOR TERM TO EXPIRE IN 2019			
Robert L. Overholt	73	1997	2019
Ben W. Hooper III	51	1998	2019
DIRECTORS CONTINUING IN OFFICE			
Richard G. Harwood	69	1997	2017
Tom W. Inman	59	2005	2017
Mitchell D. Webb	48	2012	2017
J. William Myers	74	1997	2018
Tommy C. Bible	62	1998	2018
Chris H. Triplett	50	2012	2018
DIRECTORS EMERITUS			
William B. Henry	86		

The Board recommends a vote "FOR" the election of the nominees listed above.

Tommy C. Bible is the General Manager of the Jefferson-Cocke County Gas Utility District that serves natural and propane gas to the Jefferson County and Cocke County areas. Mr. Bible is a Director for the Newport/Cocke County Economic Development Commission and the Tennessee Gas Association.

Richard G. Harwood is the former President of the Bank. Mr. Harwood joined the Bank as Senior Vice President in 1984 and served as President until his retirement in 2011. He serves as Chairman of the Board of Directors of the Newport Housing Authority.

William B. Henry retired in 2001 after having been a practicing optometrist in Newport, Tennessee since 1961.

Ben W. Hooper, III is an attorney in general practice with Campbell & Hooper in Newport, Tennessee. Mr. Hooper has practiced law in Newport, Tennessee since 1989. Mr. Hooper serves as the Chairman of the Audit Committee for the Company and the Bank. He is the past President of the Cocke County Bar Association.

Tom W. Inman is the agency manager for the Cocke County office of the Farm Bureau Insurance. He has been an Insurance agent with the company since 1989. Mr. Inman is a member of the Gideon's and the Newport/Cocke County Chamber of Commerce.

J. William Myers is the attorney for the Bank. He has practiced law in Newport, Tennessee since 1966. Mr. Myers serves as the Chairman of the Board for the Company and the Bank.

Robert L. Overholt retired in 1999 after having been the owner/manager of Home Supply of Newport, Tennessee, Inc., a building supply establishment, since 1966. Mr. Overholt is a director of the Jefferson-Cocke County Gas Utility District.

Mitchell D. Webb is the owner/operator of Wilton Springs True Value Hardware and Just Ask Rental. He serves on the True Value Advertising Board, as a director on the Newport Housing Authority and on the Cocke County Vocational School Advisory Board.

Chris H. Triplett is currently the President of the Bank. Mr. Triplett has been with the Bank since 2001. He is currently active with the Newport/Cocke County Boys & Girls Club, Newport Kiwanis Club and Kiwanis Foundation.

Shareholder Communications with Directors

Shareholder or other interested party communications with the Board of Directors may be addressed directly to the individual director at P.O. Box 249, Newport, Tennessee, 37822-0249.

PROPOSAL II — OTHER MATTERS

OTHER MATTERS

The Board of Directors is not aware of any business to come before the annual meeting other than those matters described above in this proxy statement. However, if any other matters should properly come before the annual meeting, it is intended that proxies in the accompanying form will be voted in respect thereof in accordance with the determination of a majority of the Board of Directors.

INDEPENDENT AUDITORS

Pugh CPAs ("Pugh") was the Company's independent auditor for the 2015 fiscal year and has been retained by the Board of Directors to be its auditor for the 2016 fiscal year. A representative of Pugh is expected to be present at the Annual Meeting to respond to shareholders' questions and will have the opportunity to make a statement if he or she so desires.

MISCELLANEOUS

The cost of soliciting proxies will be borne by the Company. The Company will reimburse brokerage firms and other custodians, nominees and fiduciaries for reasonable expenses incurred by them in sending proxy materials to beneficial owners of shares of the common stock. In addition to solicitations by mail, our directors, officers and regular employees may solicit proxies personally or by telephone without additional compensation.

FINANCIAL INFORMATION

The annual report to shareholders, including financial statements, has been mailed to all shareholders of record as of the close of business on the Record Date. Any shareholder who has not received a copy of such annual report may obtain a copy by writing to the Company's Corporate Secretary. Such annual report is not to be treated as a part of the proxy solicitation material or as having been incorporated herein by reference. **A copy of the Company's Annual Report for the fiscal year ended December 31, 2015 will be furnished without charge to each shareholder as of the Record Date upon written request to the Company's Corporate Secretary, United Tennessee Bankshares, Inc., P. O. Box 249, Newport, Tennessee 37822-0249.**

SHAREHOLDER PROPOSALS

In order to be eligible for inclusion in the Company's proxy materials for next year's annual meeting of shareholders, any shareholder proposal to take action at such meeting must be received at the Company's main office at 170 W. Broadway, Newport, Tennessee 37821, no later than December 15, 2016. Shareholder proposals not submitted for inclusion in the board of director's proxy statement, which are received after March 1, 2017, will be considered untimely. Accordingly, the proxies may exercise their discretion and vote on these matters in a manner they determine to be appropriate.

Shareholder proposals to be considered at the annual meeting must be stated in writing, delivered or mailed to the Company's Secretary, not less than 30 days nor more than 60 days prior to the date of the Annual Meeting. If less than 40 days' notice is given to shareholders, such notice shall be delivered or mailed to the Secretary not later than the close of business on the 10th day following the day on which notice of the meeting was mailed to shareholders.

BY ORDER OF THE BOARD OF DIRECTORS



Shannon Lane
Secretary

Newport, Tennessee
April 1, 2016